

U.S. DEPARTMENT OF THE TREASURY

Press Center



U.S. Deputy Secretary of the Treasury Neal S. Wolin Remarks as Prepared for Delivery at the Palestine Investment Conference

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President Abbas, Prime Minister Fayyad, members of the Cabinet, on behalf of President Obama and the U.S. delegation let me express our deep thanks for the opportunity to be here today.

And thank you to Jafr Hdeib, CEO of the Palestine Investment Promotion Agency, and to Hassan Abu Libdeh, Minister of National Economy, for organizing this important event.

Two years ago, representatives from across the Middle East and around the world gathered here in Bethlehem for the first Palestine Investment Conference. That conference – like this one – was both an invitation and a declaration:

An invitation to investors – from the Arab world, and from the United States, Europe, and Asia – to come to the West Bank to help unlock the tremendous economic potential latent here;

And a declaration that the Palestinian economy is open for business; that the Palestinian people and their government are committed to laying the foundation for an economically viable state, where private enterprise can thrive.

Representatives from the United States, including my predecessor as Deputy Secretary of the Treasury Department, were proud to participate in that first conference. And we are pleased to join with you again this year.

President Abbas and Prime Minister Fayyad, I commend your government's commitment to creating an enabling environment for business and investment, and to building the institutions that support economic growth, as promised in the Palestinian Authority's two year plan.

The legislative agenda you have just announced represents an important step forward. When fully implemented, that legislation will make it easier for foreign investors to put their capital to work in the Palestinian economy. And it will make it easier for Palestinian entrepreneurs – and small and medium size enterprises in particular – to access the credit they need.

At the same time, under Governor al-Wazir, the Palestinian Monetary Authority is working to build a sound financial regulatory system, to support a strong banking system – so vital to private sector development.

More broadly, you have taken important steps to invest in the Palestinian people.

The two year-plan says, "People are the most important and most precious asset in Palestine." To make those words a reality, you are working to strengthen education, especially in technology, the sciences, and economics.

You have also worked to strengthen health care and make its provision sustainable. The Ministry of Health is working – together with USAID – to improve services at hospitals and clinics and to improve the governance and management practices of health institutions.

Those investments – in institutions, in sound policies, and in people – will help make it possible for private enterprise to flourish in the years to come. There is, of course, still more that can be done. That is why continuing to implement the two year plan is so essential – to promote trade, to build a knowledge-based economy, and to provide a stable macro-economic environment for growth.

Let us be clear: the obstacles to the Palestinian private sector remain challenging.

The recent GDP growth numbers, impressive as they are, reflect the extent of donor-funded fiscal stimulus.

For growth to be sustainable, it must be driven by the private sector.

Israel's cooperation will be important to this effort. Further progress on issues related to movement and access of both people and goods will be needed. But President Abbas, Prime Minister Fayyad, you have made clear – both by your words and by your actions – that it is up to the Palestinian Authority and the Palestinian people, first and foremost, to take the lead; to lay the foundations for growth; not just to demand progress, but to make progress.

And while there is still a long way to go, there are signs that your work is bearing fruit. Consider, for example, the remarkable growth of the Information, Communications and Technology sector. Since 2000, the ICT sector has grown at an average annual rate of over 25% -- in part the result of some remarkable private sector partnerships.

In 2008, Cisco established a \$10 million corporate social responsibility fund to create a sustainable model of job creation and economic development in the Palestinian territories – with funding decisions made by a board that included Palestinian stakeholders.

Last February, Cisco identified three promising Palestinian software companies – Exalt, Asal and GSSM –and provided them with training, equipment, laptops and a direct link with Cisco Israel.

And things went so well that by December, Cisco decided to make these companies part of their development arm, with ongoing contracts.

It's a powerful story. Other companies are now looking to replicate it. Hewlett Packard, Microsoft, Google and Intel have all begun to build relationships with Palestinian companies.

There have been other successes. The Palestinian territories hosted over 2 million visitors last year--a record for the Palestinian tourism industry.

Signs of construction are everywhere--from hotels and shopping centers going up in Ramallah, to this beautiful conference facility, which many of you may remember was still under construction during the last Conference.

Let us hope that, through gatherings such as this, other sectors will be energized by similar investments, achievements and partnerships. The opportunities are tremendous. The stakes are high. Because promoting investment, entrepreneurship and economic reform is not just about unlocking untapped potential. It's about preparing the ground for a truly independent Palestinian state.

As you know, the United States is deeply engaged now with the Government of Israel and the Palestinian Authority in proximity talks on all permanent status issues -- to exchange views and narrow gaps, so that the parties can enter direct negotiations.

Monday's tragic incident underscores the need to move forward with negotiations to resolve the conflict and establish a comprehensive peace as soon as possible.

At the same time, building a viable, prosperous Palestinian state requires economic reform, institution-building, and the cultivation of a vibrant and healthy private sector -- all key elements of the two-year plan – as much as it requires direct political dialogue to produce a negotiated outcome.

The United States is and will continue to be your partner in this effort. President Obama welcomed the participation of Palestinian delegates in his Summit on Entrepreneurship a few weeks ago, and we will continue work with you to look at how we can deepen ties between our private sectors.

That is what this conference is all about. And with the help of international leaders like Sheikha Lubna, Marwan Juma'a, and Tony Blair; with the vision and dedication of business leaders like Mohammad Hirbawi; with the continued support of the international community, working through institutions like the IMF and the World Bank; and with the energy, the talent and the dedication of the Palestinian people, I have no doubt that the promise of this conference can be achieved in full.

Thank you again for the invitation to be here today.

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